

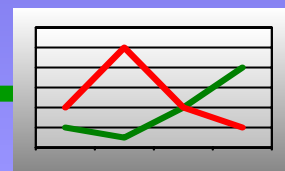
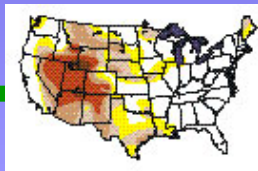
# New Crop and Livestock Insurance Programs

Ross J. Davidson, Jr.

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[www.rma.usda.gov](http://www.rma.usda.gov) / [RMA\\_mail@wdc.usda.gov](mailto:RMA_mail@wdc.usda.gov)



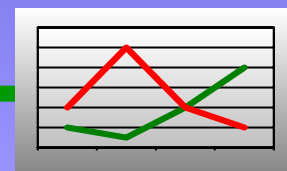
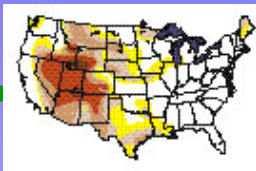
# The Risk Management Agency

- Vision

- To serve America's agricultural producers through effective, market-based risk management solutions.

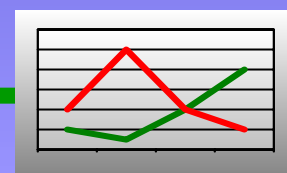
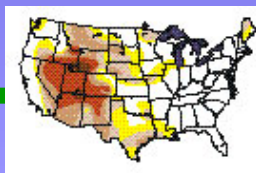
- Mission

- Promote, support, and regulate sound risk management solutions to preserve and strengthen the economic stability of America's agricultural producers.

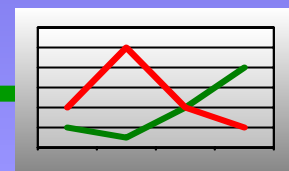
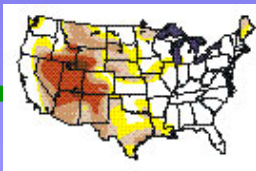
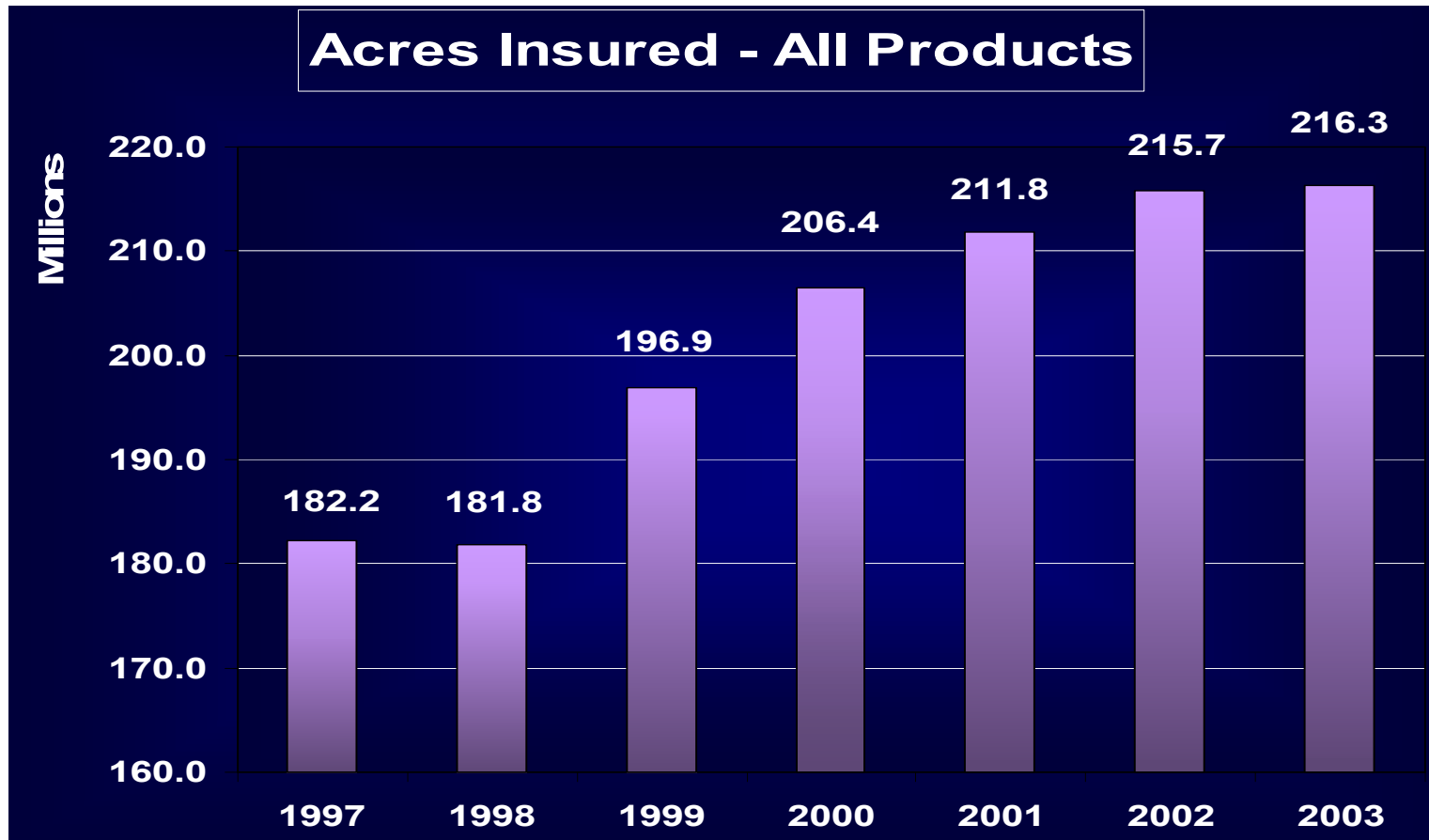


# U.S. Federal Crop Insurance Programs

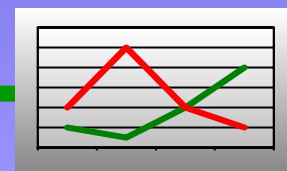
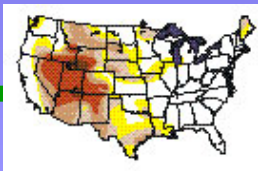
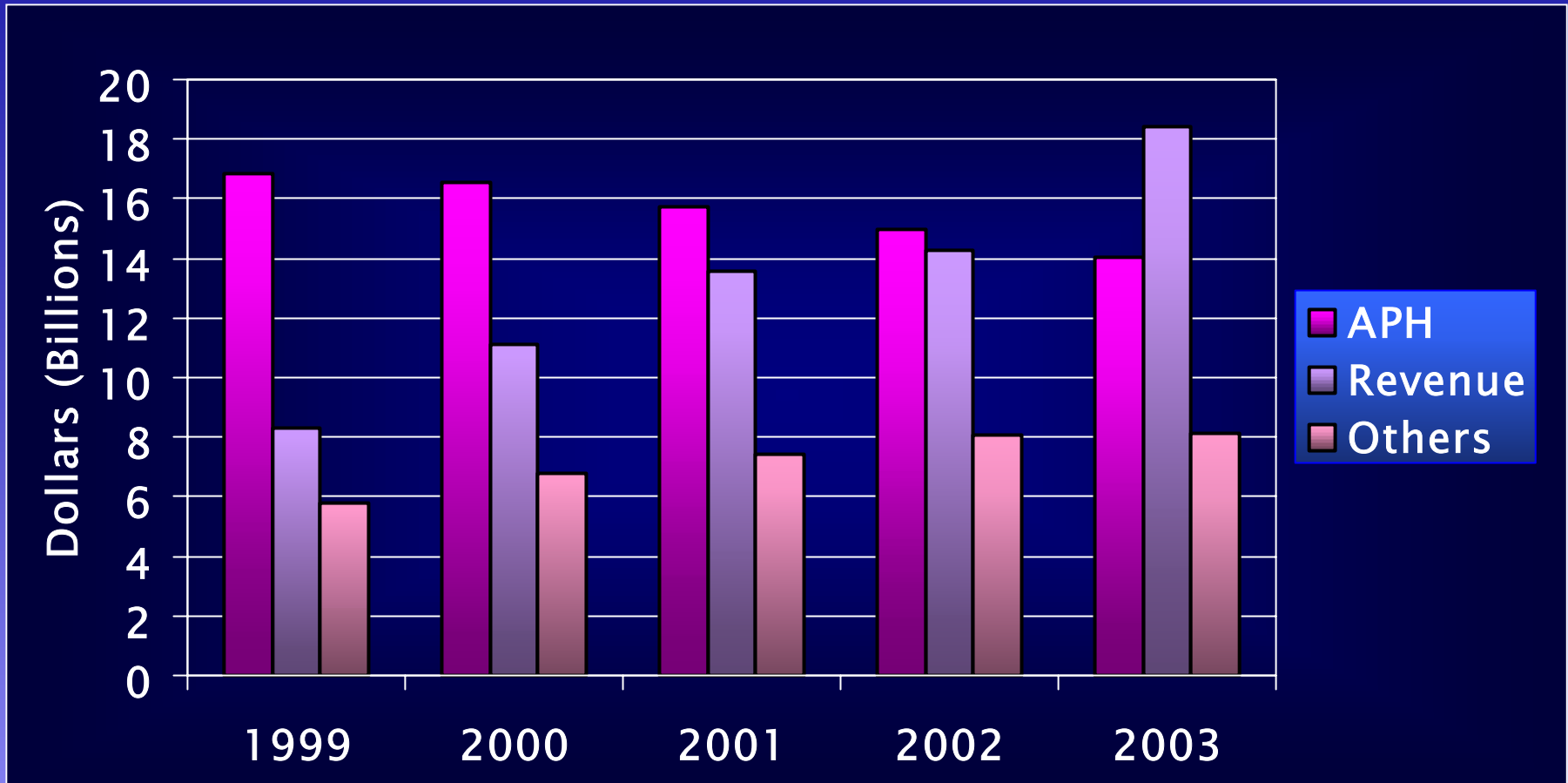
\$40+ Billion Liability		300+ Commodities	218 Million Acres
Existing Crop Insurance Plans			
Actual Production History (APH)		Group Risk Protection Income Protection (GRIP)	
Adjusted Gross Revenue (AGR)		Income Protection (IP)	
Adjusted Gross Revenue Lite (AGR-Lite)		Indexed Income Protection (IIP)	
Aquaculture Dollar		Livestock Gross Margin (LGM)	
Avocado Revenue Coverage		Livestock Risk Protection (LRP)	
Crop Revenue Coverage (CRC)		Pecan Revenue	
Dollar Amount of Insurance		Revenue Assurance (RA)	
Fixed Dollar		Tobacco – Guaranteed Production	
Grower Yield Certification (GYC)		Tobacco – Quota	
Grower Yield Certification Span (GYC Span)		Tree Based Dollar Amount of Insurance	
Group Risk Plan (GRP)		Yield Based Dollar Amount of Insurance	



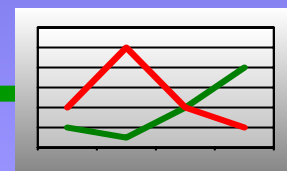
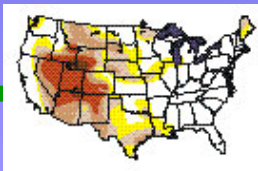
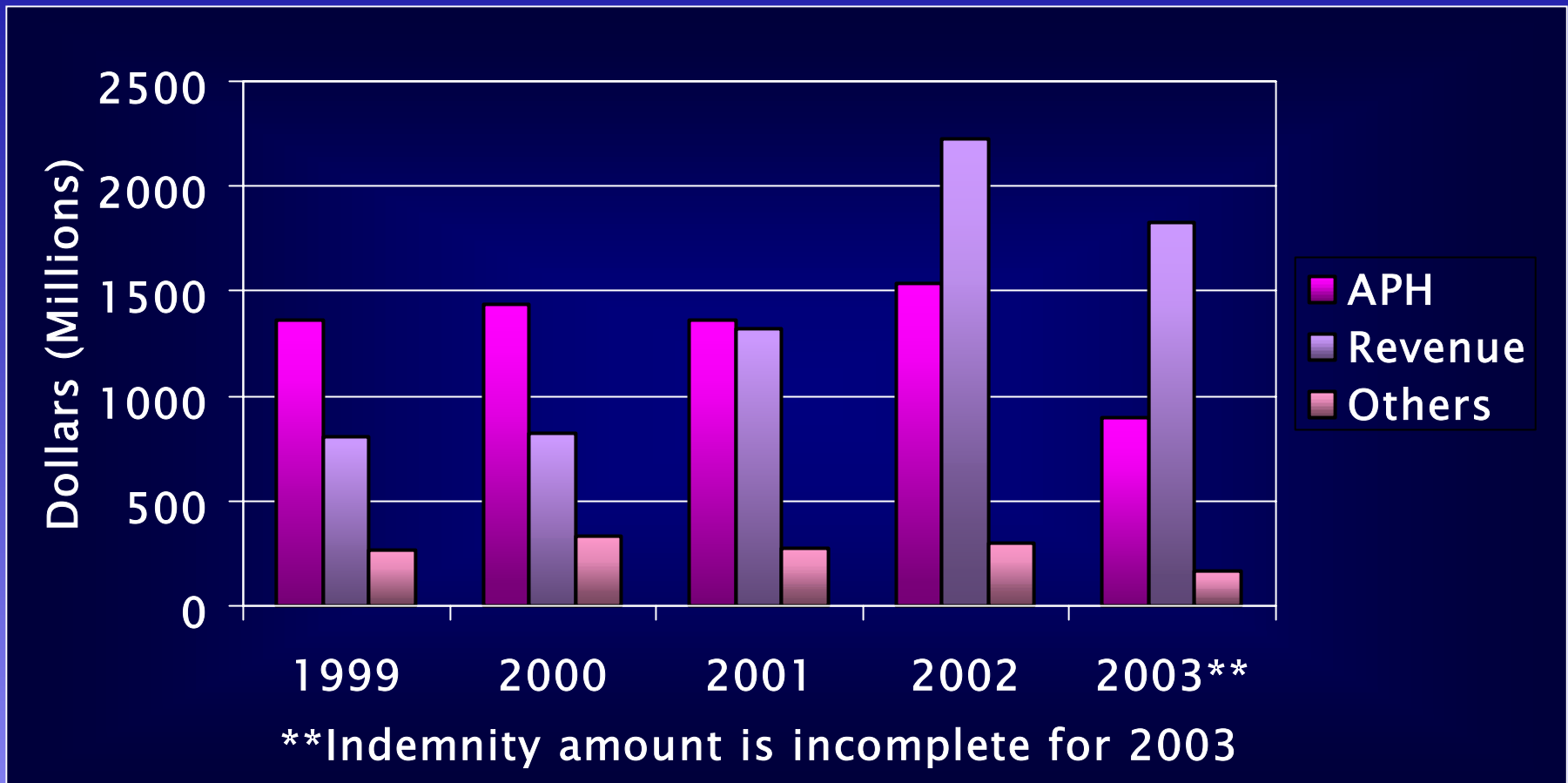
# Growth in Acreage



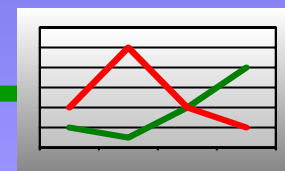
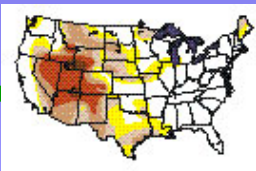
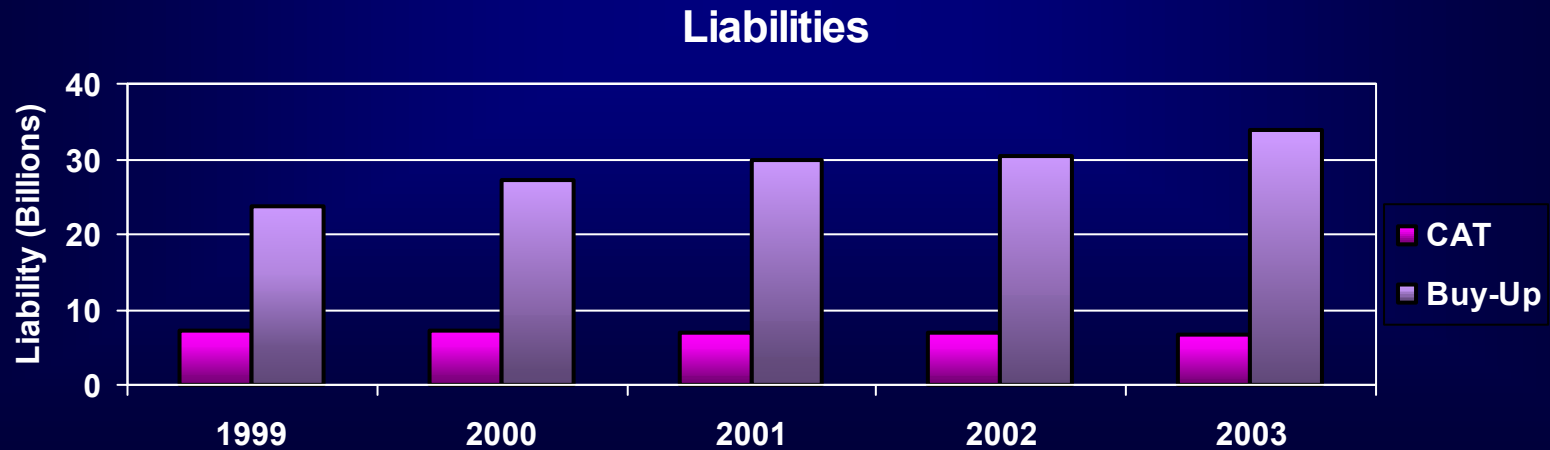
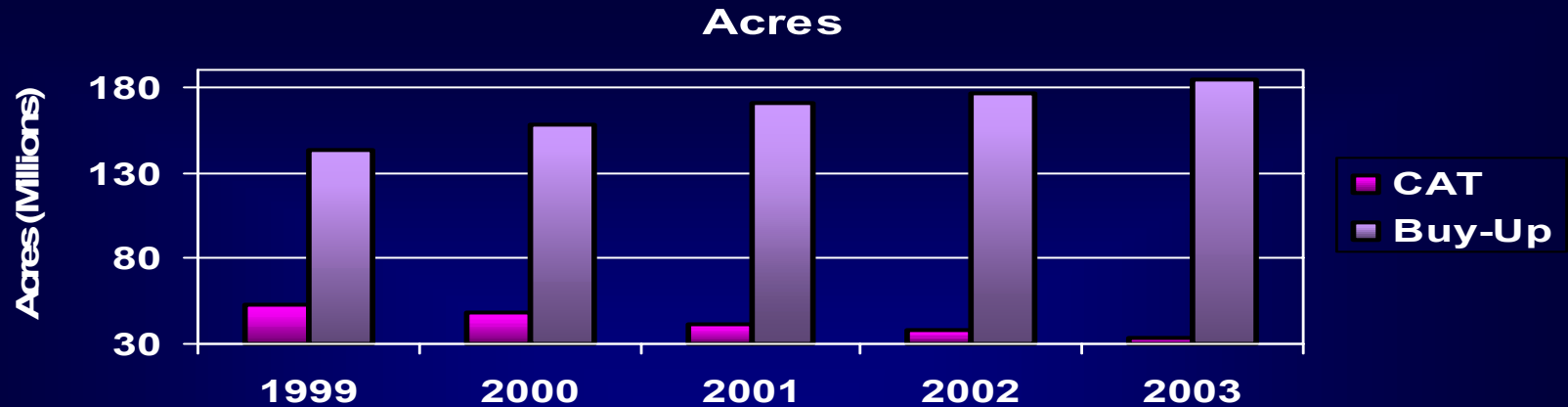
# Trends in Programs by Liabilities



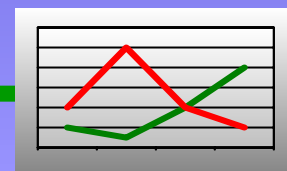
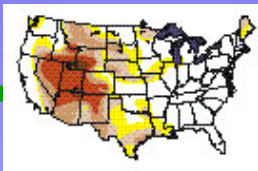
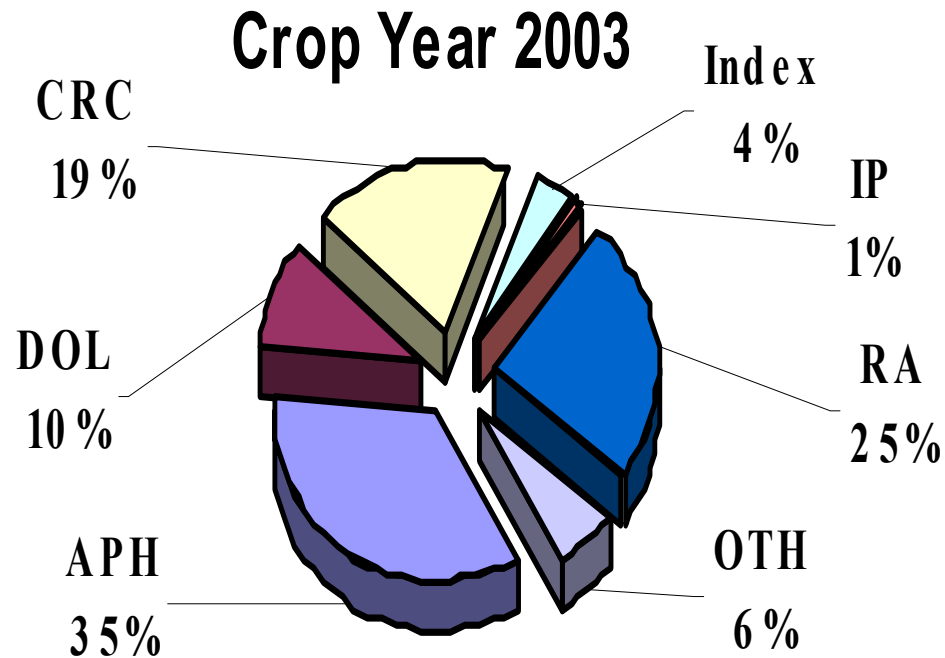
# Trends in Programs by Indemnities



# Buy-up Trends

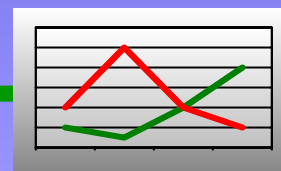
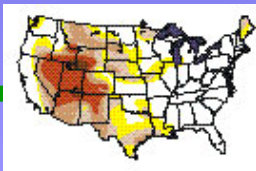
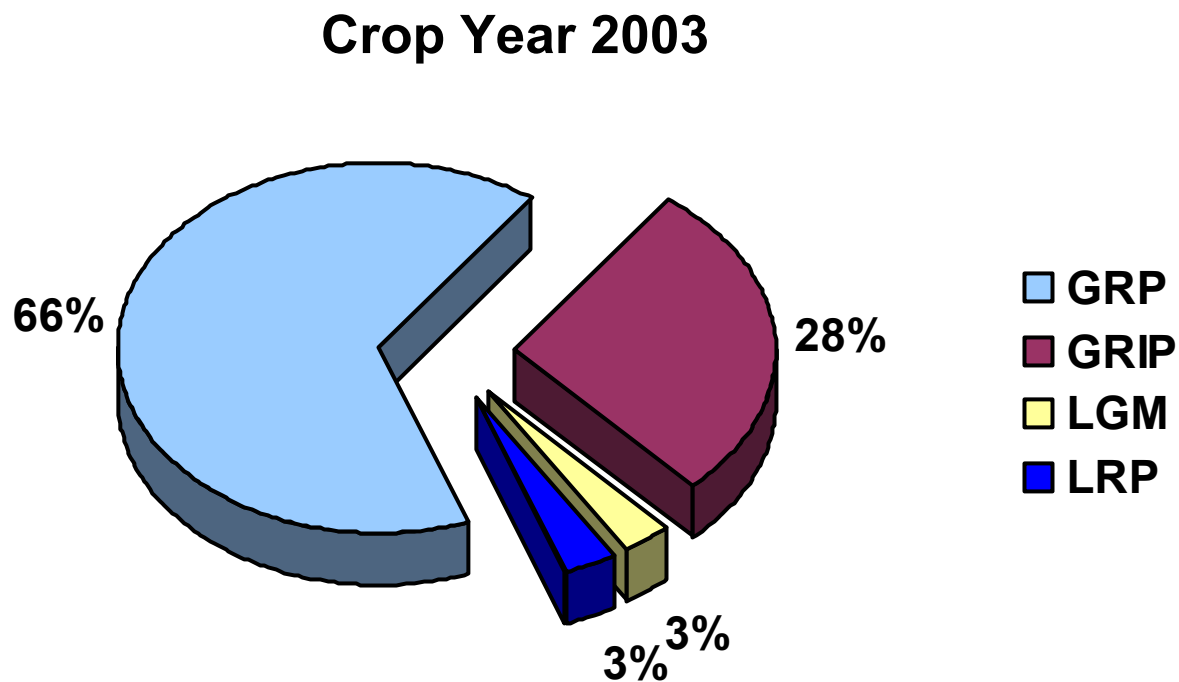


# 2003 Federal Crop Insurance Liability Distributions



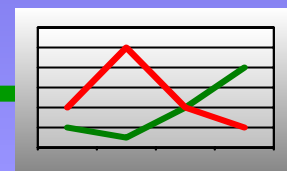
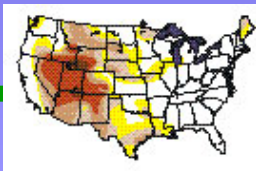


# 2003 Index Products Liability Distributions



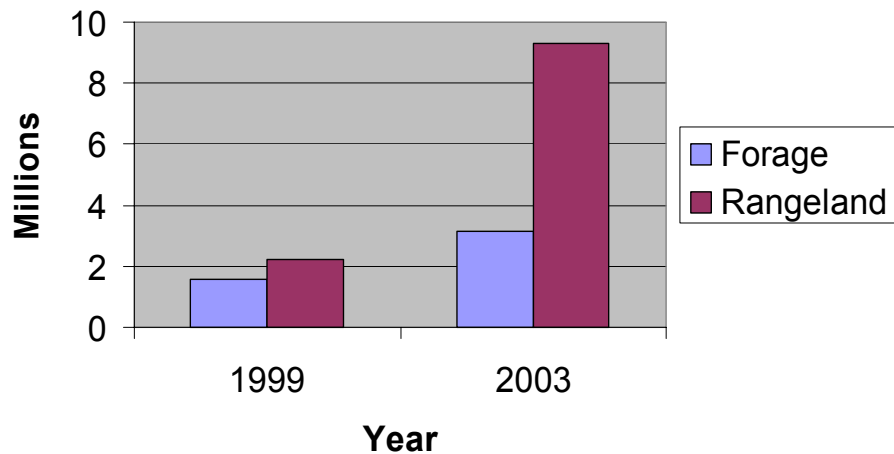
# Pasture/Rangeland and Forage

- Insurance products for forage and hay that are used by livestock are new to the FCI program.
- Forage programs
  - APH Forage Program
  - APH Forage program for Alfalfa Hay
  - GRP Forage Program
  - GRP-Rangeland Pilot Crop Insurance Program

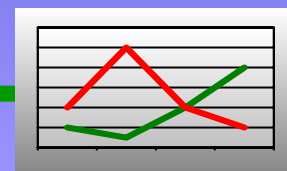
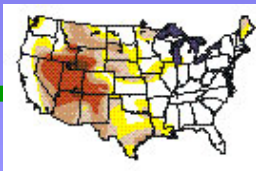
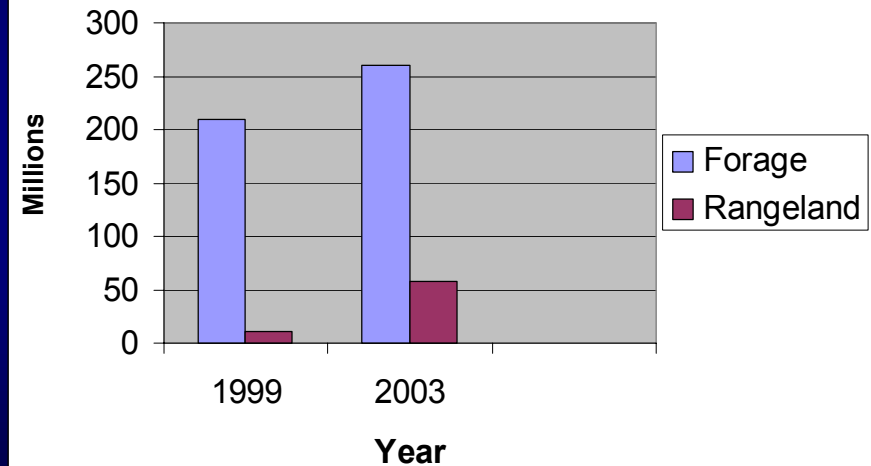


# Trends in Rangeland and Forage

## Acreage

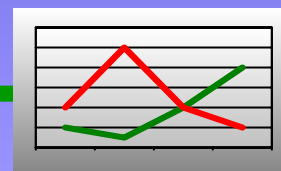
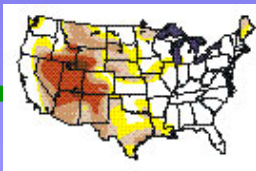


## Liabilities



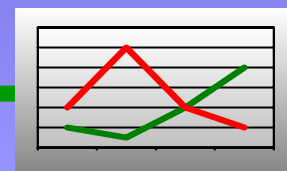
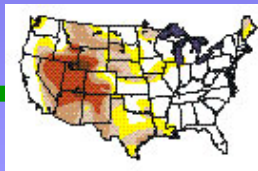
# Pasture/Rangeland and Forage New Initiatives

- **Research & Development of Pasture Rangeland, Forage**
- **Statement of Objectives published January 21, 2004**
- **Objectives:**
  - Improve the existing pasture, rangeland and forage crop insurance programs offered by RMA
    - APH Forage Production
    - GRP Forage Production
    - GRP Rangeland); or
  - Provide new and innovative approaches to insuring pasture/rangeland, forage and hay.
- Notice for submitting proposals: [www.rma.usda.gov](http://www.rma.usda.gov)
- Bidders Meeting 3/2/04; Proposals due 3/23/04



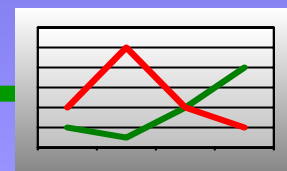
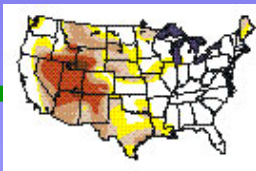
# Livestock Insurance Program 2003

	<u>Head</u>	<u>Liability</u>
Swine (LRP)	71,375	\$657,371
Swine (LGM)	771,054	\$5,836,114
Fed Cattle (LRP)	12,492	\$10,269,532
Feeder Cattle (LRP)	20,272	\$12,328,288



# Livestock Products in the Pipeline

- **Under Study**
  - **Livestock Disease** - Develop risk management tools for livestock/ poultry.
  - **Risk Management Tools** - Study the feasibility of developing risk management tools for livestock producers (poultry, dairy, sheep, and lambs).
  - **Revenue Insurance for Cattle and Hogs** - Develop a risk management tool for beef cattle and hogs using financial markets.
  - **Pasture and Rangeland** - Develop an insurance program for pasture and rangeland.
  - **Apiculture (Bee-Keeping)** - Analyze and evaluate risk management options for the Apiculture industry.
- **AGR-Lite:** Covers 100 percent of livestock and livestock products (12 states)



# THE NEED FOR BALANCE

## Fiscally Responsible

### Actuarial Soundness

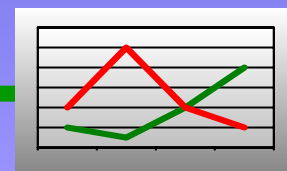
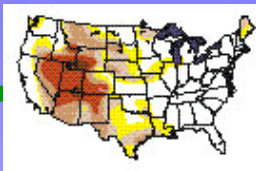
- Risk Classification
- Rating/Pricing
- Underwriting

### Product Integrity

- Fraud, Waste, Abuse
- Fair Representation
- Consistent Administration

## Market Responsive

- Commodities
- Risks
- Regions
- Producers
- Adaptation
- Expectations





# New Crop and Livestock Insurance Programs

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